

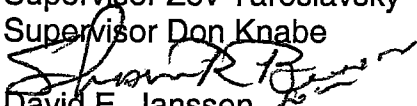


County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

June 8, 2001

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

STATE LEGISLATIVE UPDATE

State Budget Conference Committee Report #4

After taking a one day break, the Budget Conference Committee reconvened at 3 p.m. on Thursday, June 7, 2001. The hearing opened with Senator Peace once again raising the question about revenues and reserves with the Department of Finance (DOF). While DOF did not provide specific estimates of revenues or reserves, they did inform the Conferees that recent discussions with key staff in the Governor's Office indicate a desired reserve of about \$2 billion. This amount is nearly double the May Revise reserve of \$1.010 billion.

Assembly Member Cardenas believes a \$2.0 billion reserve is "extremely ambitious," and that a \$1.6 billion reserve is more prudent in light of the need for services throughout the State. The Republican conferees, Senator Ackerman and Assembly Member Runner, are firm on their desire for a \$3.0 billion reserve. In addition, they want to maintain the State sales tax rate at 4.75 percent, notwithstanding the current law "trigger" which would increase the sales tax rate back to 5 percent, effective January 1, 2002. Assembly Member Migden then asked the Republican Conferees how a higher reserve and tax cut could be attained and at what cost to the programs that provide necessary services to the people of California.

As a result of this exchange, the Conference Committee indicated that a working group or groups have been charged to work with DOF on the ways and means of achieving a reserve ranging from \$1.6 billion-\$3.0 billion. Senator Peace also indicated that unless the Legislative Analyst's Office and the DOF review the final recommendations by the working groups, they will not be accepted by the conferees.

Each Supervisor
June 8, 2001
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As previously reported, it still seems unlikely that major issues such as health, social services and education will be "closed" until revenue estimates and a reserve level are agreed upon by the conferees.

None of the County's major issues were raised, and the Conference Committee has recessed upon call of the chair. Our Sacramento representatives will be covering the Conference Committee over the weekend should it reconvene.

Status of County-Interest Legislation

County-opposed AB 934 (Hertzberg) Trial de Novo

After an interesting and circuitous path through the bill referral process, AB 934, which would enable taxpayers to appeal any decision of a county assessment appeals board to Superior Court, has come to rest in the Senate Committee on Local Government. If passed by the Local Government Committee, the bill will be returned to the Senate Committee on Rules for possible referrals to Senate Judiciary and Revenue and Taxation. The County's Sacramento advocates are continuing to oppose AB 934.

We will continue to keep you advised.

DEJ:GK
DS:RM:md

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants